

TODILTO

EXPLORATION AND DEVELOPMENT CORPORATION

G. WARNOCK
PRESIDENT

H. B. (CHICK) WARNOCK
SENIOR VICE PRESIDENT

April 18, 1986

Mr. Clayton R. Nichols
Contracting Officer
Department of Energy
P.O. Box 2567
Grand Junction, CO 81502

RE: DOE Lease Tract At (05-1) OML-60.8-NM-B-1

Dear Mr. Nichols:

Further to our previous correspondence on the above lease, we again request relief from the \$10,000 annual advance royalty due June 12, 1986. In reviewing this request, we need to point out that the surface of the property has already been reclaimed and reseeded per our letter of October 11, 1984, addressed to Mr. Grandbouche.

Per our letter of June 2, 1983, there remains approximately 100,000 pounds of uranium reserves in the underground workings. Secondly, it is my understanding that if Todilto abandons the leases, the existing BIA land use permit will be forfeited. In view of this, we are again requesting relief from the advance royalty to allow us to hold onto these specific reserves against the possibility of them being minable in the future and to protect the continuation of the BIA land use permit.

Sincerely,


G. Warnock

GW:lae